

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Jeffries Analyst: Angela Raygoza Bill Number: AB 33  
 Related Bills: See Prior Analysis Telephone: 845-7814 Amended Date: March 14, 2007  
 Attorney: Doug Powers Sponsor: \_\_\_\_\_

**SUBJECT:** School Transportation Costs Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED

☒ December 4, 2006, STILL APPLIES.

OTHER – See comments below.

**SUMMARY**

This bill would provide a personal income tax credit for school transportation costs.

**SUMMARY OF AMENDMENTS**

The March 14, 2007, amendments added language that would narrow the definition of “school transportation costs.” The amendments resolved several, but not all, of the implementation concerns as discussed in the department’s analysis of the bill as introduced December 4, 2007.

Except for the “This Bill,” “Economic Impact,” and “Implementation Considerations” discussion, the remainder of the department’s analysis of the bill as introduced December 4, 2007, still applies. The following implementation considerations still apply and are included below for convenience.

Board Position:

\_\_\_\_\_ S \_\_\_\_\_ NA \_\_\_\_\_ NP  
 \_\_\_\_\_ SA \_\_\_\_\_ O \_\_\_\_\_ NAR  
 \_\_\_\_\_ N \_\_\_\_\_ OUA \_\_\_\_\_ X PENDING

Legislative Director

Date

Brian Putler

4/4/07

## **POSITION**

Pending.

## **ANALYSIS**

### **THIS BILL**

For taxable years beginning on and after January 1, 2007, this bill would provide a personal income tax credit in an amount equal to 20% of the costs paid or incurred by a taxpayer for school transportation costs.

The bill would define “school transportation costs” as costs limited to any charge or fee imposed by any public school or public school district in this state for home-to-school transportation.

This bill would allow unused credits to be carried over to future years until the credit has been exhausted.

### **IMPLEMENTATION CONSIDERATIONS**

The department has identified the following implementation concerns. Department staff is available to work with the author’s office to resolve these and other concerns that may be identified.

This bill would allow a credit for costs paid or incurred. As a result, if a taxpayer incurred school transportation costs, the taxpayer would qualify for the credit regardless of whether the costs were actually paid. The author may wish to amend the bill to require proof of payment for incurred costs.

To verify that a taxpayer meets the credit requirements upon audit, it is suggested that the taxpayer be required to provide FTB a receipt upon request with the following information:

- The school’s name.
- The taxpayer’s name.
- The amount of school transportation costs, dates paid, and dates of transportation services to which the payments relate.

## ECONOMIC IMPACT

### Revenue Estimate

This bill would result in the following revenue losses.

| Estimated Revenue Impact of AB 33<br>Effective for Tax Years BOA 1/1/2007<br>Assumed Enactment Date After 6/30/07<br>(\$ in Millions) |         |         |
|---|---------|---------|
| 2007/08   | 2008/09 | 2009/10 |
| -\$4  | -\$3    | -\$3    |

This estimate does not consider the possible changes in employment, personal income, or gross state product that could result from this bill.

### Revenue Discussion

This bill would provide a personal income tax credit equal to 20% of school transportation costs paid or incurred by the taxpayer. For purposes of this bill, the school transportation costs are limited to any charge or fee imposed by any public school or public school district for home-to-school transportation. The loss in tax revenue would be the amount of personal income tax credits allowed for school transportation costs.

A survey of California Department of Education information showed that fees or charges imposed for kindergarten through twelfth grade home-to-school transportation services equals approximately \$20 million per year. The available credit associated with these fees would be approximately \$4 million per year. (\$20 million current fees and charges x 20% of the cost paid or incurred= \$4 million).

An informal survey of community colleges, California State University, and University of California transportation fees charged by these public schools indicates that credits associated with transportation fees would not materially affect this estimate.

It is estimated that 70% of the available credits would be utilized during the year earned. Estimates in the table above have been converted to fiscal year estimates.

## LEGISLATIVE STAFF CONTACT

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